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Foreign Relations, 1969-1976, Volume E-7, South Asia, 1969-1972

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NSC: REVIEW GROUP MEETING

Tuesday, November 25, 1969

Time and Place: 3:15 P. M. - 3:55 P.M., White House Situation Room
Subject: South Asia Military Supply Policy (NSSM 26)

Participation:

Chairman - Henry A. Kissinger

JCS - 12. Gen. F. T. Unger

State - William I. Cargo
Donald McHenry
Christopher Van Hollen

OEP - Haakon Lindjord

USIA - Frank Shakespeare

Defense - Richard A. Ware NSC Staff - Harold H. Saunders Richard T. Kennedy
CIA - R. Jack Smith Jeanne W. Davis

SUMMARY OF DECISIONS

That the IG paper would be revised by Messrs. Cargo and Van Hollen to include consideration of:

1. Where do we want to put our weight in the sub-continent?
2. Regardless of the answer to the first question, do we want to resume military assistance to Pakistan?
3. The possibility of encouraging and expanding third country sales to Pakistan, with full discussion of the pros and cons;
4. The possibility of replacing material lost by attrition on an item-for-item basis.

Mr. Kissinger commented that the IG paper was in good shape but that the issue was complicated by the fact that the President, on the Asian trip, did -- or did not -- make a commitment to Pakistan President Yahya. Although he had not been present for the discussion with the Pakistanis, he would not be surprised if the Pakistanis thought they would receive more sympathetic treatment from this Administration than from the previous Administration.

Mr. Cargo said that State Department knows only what the Pakistan Ambassador has told them with regard to the timing of a decision. He said the Pakistanis expected an answer in September.

Mr. Kissinger said this was correct. The Pakistanis had been told the question was under review, that it would be considered some time in September and that they could expect a decision in October. They were also told that our attitude was positive. However, he did not believe this fact should change our conclusions. He asked if the four options presented in the paper exhausted the possibilities for U.S. policy options.

General Unger said they could not think of any additional courses.

Mr. Lindjord asked what would happen if we did away with the special restrictions on arms sales to India and Pakistan and treated them just as we treat other countries in this matter. Was this accommodated within Option 4?

Mr. Cargo agreed that it could be so accommodated by permitting direct sales to India and Pakistan.

Mr. Kissinger asked how our present policy toward India and Pakistan differs from that toward other countries with regard to arms sales.

Mr. Lindjord replied that there were several statements in the record indicating restrictions on arms sales to India and Pakistan.

Mr. Kissinger asked how we handled sales to other countries. Mr. Lindjord replied on a case-by-case basis.

All agreed that this could be accommodated within Option 4 under certain conditions.

Mr. Kissinger agreed that there was special sensitivity on the question of sales to the subcontinent and asked if we could consider sales in accordance with the normal case-by-case method as a sub-option of Option 4.

Mr. Van Hollen thought such sales would have to be conditional, partly because of Congressional sensitivity.

Mr. Kissinger asked if it would not be possible to treat India and Pakistan as we treat other nations. He asked, for example, how we handled Burma.

Mr. Van Hollen agreed it would be possible.

Mr. Cargo commented with regard to Burma that we probably would not agree to sell them sophisticated weapons systems that we did not want them to take on undue economic burdens in order to purchase arms; but that we might consider replacement equipment.

General Unger asked if it would be in our interest to treat India and Pakistan as we treat other nations.

Mr. Ware said one problem with Option 4 is that cash sales to India and Pakistan would in fact put Pakistan at a disadvantage, since they do not have large amounts of cash. While Option 4 appears to be even-handed, it is not, realistically. He agreed this imbalance was pointed out in the paper.

General Unger asked if there might be a sub-option which would call for grants to Pakistan and sales to India.

Mr. Ware commented that a policy of equality would give credit to Pakistan and sell for cash to India.

Mr. Kissinger asked what is the U.S. interest in selling arms to Pakistan. He noted that the Indians do not want to buy arms from us as long as they can, by denying themselves this opportunity, keep arms from Pakistan. He was aware of no policy issues which require us to sell arms to India and he asked if we have an interest in doing so.

General Unger commented that it was in our interest to steer India away from complete reliance on Communist sources for arms.

Mr. Kissinger noted that we would not sell arms to India without also selling them to Pakistan and questioned whether the price we would pay in India if we sell to Pakistan would not outweigh our interests in selling to India. He saw no reason to liberalize our policy unless India asks for it.

Mr. Cargo agreed that there was no reason vis-à-vis India for liberalizing our policy but that we had to make our policy appear to be even-handed.

Mr. Kissinger said the decision then is really whether it is in the U.S. interest to get arms to Pakistan, and whether we are willing to pay the price in India by offering equal treatment, recognizing that there is no real equality.

Mr. Cargo said there was some collateral advantage in India's knowing they could purchase arms from the U.S. if they wished to. He did not, however, consider this an argument for initiating liberalizing measures.

Mr. Kissinger asked what are the arguments for resuming military aid to Pakistan.

Mr. Van Hollen replied that the main argument was to make Pakistan less reliant on Communist sources of arms. In addition, it would give the U.S. more influence with the Pakistani military and provide a demonstration of our general good will toward Pakistan.

Mr. Kissinger asked what price we would pay in India?

Mr. Van Hollen thought at least initially the price would be heavy in terms of public and political reaction. He thought, however, this would be mitigated over time and, if India should become interested in buying from the U.S., they might come around. He noted that the Indian military were already interested in acquiring arms from the U.S. but that it was the civilians who did not wish to.

Mr. Kissinger thought we should add to the paper for NSC consideration the arguments for easing our policy toward Pakistan and the price we would pay in India for doing so.

Mr. Cargo and Mr. Van Hollen indicated that these were considered in the paper in discussing the advantages and disadvantages of various options.

Mr. Kissinger raised the question of Option 2, asking if it were possible to adopt a less restrictive policy by enlarging the third country method.

Mr. Van Hollen thought it would be difficult given the lack of success of the third-country route up to now. He cited attempts to conclude third-country deals prior to that with the Turks and noted the irony that India had in fact procured Hawker-Hunter aircraft through the British under this provision and Pakistan had procured nothing, even though this route had been established for Pakistan's benefit. He referred to two third-country deals now active including the Turkish tanks for Pakistan and the Indian procurement of 12 Canberras through the British. In response to a question by Mr. Kissinger regarding U.S. involvement in the latter, he said the U.S. held licenses on certain elements in the Canberras.

Mr. Kissinger asked why third-country sales had been unsatisfactory. Mr. Cargo mentioned Indian pressure on third countries.

Mr. Van Hollen added such difficulties as haggling over the price of rehabilitation and whether or not the equipment the Pakistanis wanted really existed in the surplus stocks of other nations.

Mr. Shakespeare asked if we urged third countries to sell arms.

Mr. Van Hollen replied that the U.S. had been in front in the present Turkish tank deal. We had agreed that, if the Turks would sell 100 M-47s to the Pakistanis, we would supply the Turks with 100 M-48s over and above our already agreed military assistance program. Despite the U.S. interest, however, the deal had dragged on, had become known to the press, and had generated much Congressional interest.

Mr. Shakespeare asked what would be the effect of a U.S. position of neutrality on third-country deals. What would happen if we did not press for such deals?

Mr. Van Hollen replied that this would make it even harder for the Pakistanis. to acquire equipment via this route. He noted that India did not have any trouble in acquiring the Hawker-Hunters.

Mr. Kissinger asked if lifting the restrictions on third-country sales by the UK to India would ease Indian outrage if we should send arms to Pakistan?

Mr. Van Hollen thought it would help a little. He thought, however, a token gesture toward Pakistan wouldn't buy us much. We might want to make such a gesture, however, if the President felt he had made a commitment to Yahya, by making a one-time exception for Pakistan. Opening up sales would be seen by both Pakistan and India as a pro-Pakistan move.

Mr. Shakespeare asked how the issue might be played in India in the present confused political situation. He asked if it would strengthen or weaken Mrs. Gandhi and how she might be expected to react.

Mr. Van Hollen replied Mrs. Gandhi could exploit the situation on an anti-U. S. basis. He agreed that India would be outraged but questioned how long it would last.

Mr. Smith doubted that India would be willing to torpedo its economic assistance prospects.

General Unger commented that the Indian outcry would be less if we were merely replacing Pakistani equipment that had been attrited.

Mr. Kissinger asked if our economic assistance to India did not in fact strengthen the India military by freeing funds to be used for military purposes. He noted that, contrary to India, Pakistan had no arms industry.

Mr. Van Hollen replied that, when this had been raised in the Congress, the answer had been that the relationship between U.S. economic assistance funds and arms purchases or production was only indirect.

Mr. Kissinger asked if the Indian arms budget did not in fact have some correlation to the aid that they were receiving.

Mr. Smith thought it was not an exact correlation.

Mr. Kissinger agreed that it was not exact but asked if it did not mean that India could be self-reliant while Pakistan could not.

Mr. Smith agreed that this was a valid consideration, but did not think the two were closely connected in India.

Mr. Cargo commented that in general India has a bigger economy and thereby has greater capital for arms production. He thought there was a possibility that military assistance to Pakistan could stimulate India to take further steps with the USSR in arms procurement.

Mr. Shakespeare asked what we would get if we opened up to Pakistan.

Mr. Van Hollen replied "not much." He agreed that if we should open up, Pakistan would still seek to retain some relations with the USSR and Communist China in the arms supply field.

Mr. Smith asked what we would want from Pakistan.

General Unger commented that India was a better counterweight against Communist China than was Pakistan.

Mr. Kissinger said that under present circumstances he did not think it would be possible to push India toward Communist China.

Mr. Cargo noted India's grossly unrealistic attitude during the Krishna Menon era before the Communist Chinese attack and the Indian turn-about after the attack.

Mr. Van Hollen thought we must consider the political weight that would be placed by a positive decision by this Administration on this issue. He thought we should consider where we wanted to place U.S. weight at this time in terms of U.S. interests.

Mr. Kissinger saw two questions to be answered: (1) where do we want to put U.S. weight in the sub-continent; and (2) do we want to resume military assistance to Pakistan? Regardless of the answer to the first question, he thought the second should be considered, with all the reasons for and against military assistance to Pakistan. If the decision is against sales to Pakistan, we would be in Option 1. Since he was certain the President would not be in favor of a more restrictive policy, he thought Option 2 would not be considered. Therefore, the choice would lie between Options 3 and 4. If the answer to the first question is India, he thought the President still owed President Yahya consideration of the resumption of aid to Pakistan. If the decision is made to resume, then we could choose between Options 3 and 4. If it is decided not to resume, we need not go to the options.

Mr. Cargo noted that the Turkish deal would still be hanging fire.

Mr. Kissinger added that he understood the Shah still wants to sell arms to Pakistan.

Mr. Van Hollen noted the German transfer of 90 F-4s through Iran to Pakistan. While third-country transactions were difficult, we would of course not want to cut them off.

Mr. Kissinger asked if we could encourage them.

Mr. Van Hollen replied that we did on the Turkish tanks. He agreed that we could ask Pakistan for an indication of its needs and could then try to get other countries to meet them.

Mr. Kissinger asked if this would not be better than direct sales.

Mr. Van Hollen replied that it would be better politically, if direct sales have a political cost on the Indian side.

Mr. Kissinger said if the President decided to resume sales to Pakistan, he has two choices: the third-country route or a one-shot deal. He asked if there was a possibility in between by liberalizing third-country sales even if we were not enthusiastic about them. He asked again why third-country sales had not been workable.

Mr. Van Hollen noted three reasons: (1) the political problem of getting countries to sell to Pakistan when India brings such great pressure against such sales; (2) the fact that the U.S. was usually called on to sweeten the deal; and (3) Pakistani inventory needs were not always readily available through third countries.

Mr. Saunders added that the third country usually wanted replacements from us of the equipment they sold to Pakistan.

Mr. Kissinger agreed that the paper should include such a possibility with all of its unpalatable aspects.

Mr. Cargo suggested that instead of a one-time deal that we might loosen up on the sale of lethal end-items as present supplies are attrited.

Mr. Kissinger asked how this would differ from Option 4.

Mr. Cargo replied that it would involve direct sales but not necessarily tied to the conditions of Option 4.

Mr. Van Hollen agreed that we could upgrade arms for Pakistan under Option 4 -- that we could supply them with a new generation of weapons.

Mr. Ware commented that if U.S. military aid policy were changed we could get M 48s in good condition to Pakistan directly from U.S. sources.

Mr. Saunders commented that we should not change our policy merely because we have tanks available.

Mr. Cargo noted that Pakistan had been completely realistic about third-country sales. They had doubted the workability of this route and so far had been proven correct.

Mr. Kissinger asked what the major obstacle was -- were there legal problems.

Mr. Van Hollen replied that in the Turkish deal there was originally considered to be a constitutional barrier. However, the Turks had now found a way to get around this. The Belgian and German deals had leaked to the press and India had protested loudly. The Italian deal had foundered on the question of rehabilitation costs.

Mr. Ware commented that when the Turkish deal had been delayed they had upped the ante.

Mr. Van Hollen agreed that the cost of M-48s to replace the M-47s the Turks were willing to provide Pakistan had gone up during the delay. He thought one option short of opening up sales would be the replacement of existing material lost by attrition on a tank-for-tank basis.

Mr. Kissinger asked that this be included in a revised paper so as to give the President an option short of unrestricted sales.

Mr. Saunders noted that this could be included under Option 3.

General Unger asked what we gain by the subterfuge of the third-country route.

Mr. Van Hollen replied that the third-country route had been attempted in part to help solve the Congressional problem in April 1967 when memories of the India-Pakistan war were still fresh.

It was agreed that Mr. Cargo and Mr. Van Hollen would revise the paper to cover the issues in the manner discussed at the table, asking: (1) where do we want to put our

weight in the subcontinent and; (2) regardless of the answer to the first question, do we wish to resume military assistance to Pakistan.

It was agreed that this issues paper would be cleared with DOD/ISA and JCS before coming forward as a paper for NSC consideration.

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